

[back to article](#)



# Universities say they can't help PACT program

*By Adam Jones Staff Writer*

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Leaders of the University of Alabama System and Auburn University have turned down requests to financially help the state's prepaid tuition program.

The Alabama Prepaid Affordable College Tuition trust fund lost 20 percent of its value during the first quarter of the fiscal year, October through the end of 2008, in the wake of a tumbling financial market. Since the end of September 2007, the fund has lost about 46 percent of its value.

State Treasurer Kay Ivey and some members of the PACT's board of directors briefed Auburn President Jay Gogue and UA System Chancellor Malcolm Portera on the situation this week, and brought up the possibility of the universities receiving reduced payments for students paying for college through PACT,

according to spokeswomen for both schools.

Of the more than 12,000 students paying for college through PACT this academic year, about 2,700 go to Auburn and 3,700 are on the UA System's three campuses, said Gregory Fitch, PACT board member and head of the Alabama Commission on Higher Education.

"While we are in no position to help financially, we have agreed to provide experienced financial specialists to help identify and suggest to them options that may be available to them under the PACT statute," Gogue and Portera said in a joint statement. "As we said in the meeting, we have our own set of difficult challenges as we face cuts in our budget, proration, and the impact on our students, faculty, and staff.

"It is our hope that the PACT leadership will be able to work through this situation in these challenging economic times."

Set up in 1990, PACT allows people to pay for future college tuition with a one-time fee or payments stretched out over several years. It also allows investors to avoid paying taxes on the money invested in the fund.

At the end of September 2007, the \$899 million invested was predicted to cover 97.6 percent of liabilities. At the end of 2008, the fund had \$484 million, with fall 2009 predicted to have the largest freshmen enrollment of students using PACT money in the program's brief history.

Getting financial assistance from the universities was just one avenue to boost the fund, Fitch said.

"We're looking at everything from stimulus funds on down," he said.

Although he said it's unlikely the PACT fund would qualify for money through the federal stimulus act, it should be explored.

PACT officials have had so many calls since mailing letters about the current status of the fund to nearly 48,000 families enrolled in the program that a separate e-mail account has been set up to handle questions, Fitch said.

Reach Adam Jones at [adam.jones@tuscaloosanews.com](mailto:adam.jones@tuscaloosanews.com) or 205-722-0230.

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